

**APPLICATION FOR PERMISSION TO CHANGE POINT OF DIVERSION, MANNER
OF USE AND PLACE OF USE OF THE PUBLIC WATERS OF THE STATE OF
NEVADA HERETOFORE APPROPRIATED**

Date of filing in State Engineer's Office FEB 14 2003

Returned to applicant for correction _____

Corrected application filed _____

Map filed MAY 29 2002 under 68844-T

The applicant **Reno Sparks Indian Colony**, hereby makes application for permission to change the **Point of Diversion and Place of Use** water heretofore appropriated under a portion of **Permit No. 28444, Certificate 8632**

1. The source of water is **underground**
2. The amount of water to be changed **0.01675 cfs, 12.12 afa**
3. The water to be used for **Irrigation and Domestic**
4. The water heretofore permitted for **Irrigation**
5. The water is to be diverted at the following point **the SW¼ of the NE¼ of Section 8, T.22N., R.21E., M.D.M., at a point from which the northwest corner of said Section 8 bears North 64°35'19" West a distance of 3312.50 feet. See map supporting Application No. 68228 for proposed point of diversion.**
6. The existing permitted point of diversion is located within **the SE¼ of the NW¼ of Section 32, T.23N., R.21E., M.D.M., at a point from which the southwest corner of said Section 32 bears South 41°59'42" West a distance of 3915.67 feet (MCO Well #1). See EXHIBIT MAP SUPPORTING THE CONVEYANCE OF WATER RIGHTS BY MCO PROPERTIES INC. filed with the Nevada State Engineer on Feb. 19, 1986.**
7. Proposed place of use **21.87 acs in the SW¼ NE¼ and 40.26 acs in the SE¼ NE¼ of Sec. 8; also 40.51 acs in the SW¼ NW¼, 40.47 acs in the SE¼ NW¼, 40.44 acs in the SW¼ NE¼, 40.40 acs in the SE¼ NE¼, 40.52 acs in the NE¼ NE¼, 35.00 acs in the NW¼ NW¼ and 35.00 acs in the NE¼ NW¼ of Sec. 9; for a total of 334.47 +/- acs, all in T.22N., R.21E., M.D.M..**
8. Existing place of use **2.0 acres in the NE¼ of the NE¼ and 1.03 acres in the NW¼ of the NE¼ of Section 5, T.22N., R.21E., M.D.M.. See Parcels 24 and 38 on EXHIBIT MAP SUPPORTING THE CONVEYANCE OF WATER RIGHTS BY MCO PROPERTIES INC. filed with the Nevada State Engineer on Feb. 19, 1986.**
9. Use will be from **January 1 to December 31** of each year.
10. Use was permitted from **January 1 to December 31** of each year.
11. Description of proposed works **Existing well, pump and irrigation system.**
12. Estimated cost of works **Completed.**
13. Estimated time required to construct works **Completed.**
14. Estimated time required to complete the application of water to beneficial use **5 years**

15. Remarks: This application would allow use of water rights owned by Reno Sparks Indian Colony on lands owned or controlled by Fahnestock Enterprises, Inc. (d.b.a. Western Turf Farm). See attached Water Rights Agreement. See map supporting Application No. 68228 and map supporting Application Nos. 68845, 68846 & 68849 for proposed place of use.

By s/George G. Lindesmith
George G. Lindesmith
Tri State Surveying 1925 E. Prater Way
Sparks, Nevada 89434

Compared cmf/cac dl/cmf

Protested _____

APPROVAL OF STATE ENGINEER

This is to certify that I have examined the foregoing application, and do hereby grant the same, subject to the following limitations and conditions:

This permit to change the point of diversion and place of use of a portion of the waters of an underground source as heretofore granted under Permit 28444, Certificate 8632 is issued subject to the terms and conditions imposed in said Permit 28444, Certificate 8632 and with the understanding that no other rights on the source will be affected by the change proposed herein. The well shall be equipped with a 2-inch opening and a totalizing meter must be installed and maintained in the discharge pipeline near the point of diversion and accurate measurements must be kept of water placed to beneficial use. The totalizing meter must be installed before any use of the water begins or before the proof of completion of work is filed. If the well is flowing, a valve must be installed and maintained to prevent waste. This source is located within an area designated by the State Engineer pursuant to NRS 534.030. The State retains the right to regulate the use of the water herein granted at any and all times.

This permit does not extend the permittee the right of ingress and egress on public, private or corporate lands.

The well must be sealed with cement grout, concrete grout or neat cement from ground level to 100 feet.

The issuance of this permit does not waive the requirements that the permit holder obtain other permits from State, Federal and local agencies.

This permit is issued for the irrigation of 3.03 acres within the described place of use.

Issuance of this permit simultaneously expires the authorization under Temporary Permit 69581-T.
(CONTINUED ON PAGE 3)

The amount of water to be appropriated shall be limited to the amount which can be applied to beneficial use, and not to exceed 0.01675 cubic feet per second, but not to exceed 12.12 acre-feet annually, and not to exceed a yearly duty of 4.0 acre-feet per acre of land irrigated from any and/or all sources.

Work must be prosecuted with reasonable diligence and be completed on or before:

N/A

Proof of completion of work shall be filed on or before:

N/A

Water must be placed to beneficial use on or before:

December 18, 2005

Proof of the application of water to beneficial use shall be filed on or before:

January 18, 2006

Map in support of proof of beneficial use shall be filed on or before:

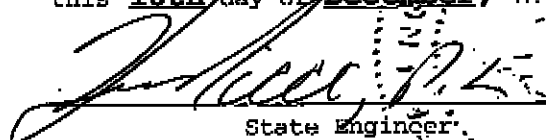
N/A

IN TESTIMONY WHEREOF, I, HUGH RICCI, P.E.,

State Engineer of Nevada, have hereunto set

my hand and the seal of my office,

this 18th day of December, A.D. 2003

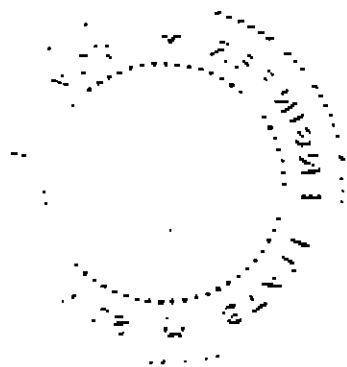

State Engineer

Completion of work filed June 19, 2003 under 68228

Proof of beneficial use filed _____

Cultural map filed N/A

Certificate No. _____ Issued _____



WATER RIGHTS AGREEMENT

THIS WATER RIGHTS AGREEMENT, made and entered into this _____ day of _____ 2002, by and between the RENO-SPARKS INDIAN COLONY, a tribal government organized under the Indian Reorganization Act (25 U.S.C. § 476), hereinafter referred to as "Owner" and FAHNESTOCK ENTERPRISES, INC. dba Western Turf, hereinafter referred to as "User". The parties enter into this agreement on the following terms and conditions:

WITNESSETH

1. The Owner, for and in consideration of the sum of One Dollar, the receipt whereof is hereby acknowledged, agrees to allow the User to use the following groundwater water rights owned by the Owner:

Permit No. 28447	Certificate No. 8634	6.0 acre feet
Permit No. 30119	Certificate No. 10589	14.0 acre feet
Permit No. 28444	Certificate No. 5632	4.12 acre feet
Permit No. 28071	Certificate No. 8628	3.88 acre feet
Permit No. 28444	Certificate No. 8632	8.0 acre feet

TOTAL 36.0 acre feet

The above-described certificated groundwater rights hereafter collectively referred to as "Water Rights."

2. The term of this Agreement shall be five years. With the written approval of the Owner, the term of the Agreement may be extended for additional years as agreed to by the parties. The Agreement shall take effect on the date of the last party to sign the Agreement, but the term of the Agreement and the right to use the Water Rights shall commence on January 1, 2003, and shall expire on January 1, 2008.

3. The User agrees that it shall put to beneficial use all 36 acre feet of the Water Rights for irrigation purposes relating to its turf business throughout the 2003 irrigation season (the first year of the Agreement) and, thereafter, shall use the Water Rights as needed for the remainder of the term of this Agreement for the same purpose. All Water Rights used by User shall remain the property of the Owner. In the event of severe drought, power shortage resulting in reduced pumping and/or economic conditions that would create a hardship to User to plant the extra land necessary to utilize these water rights, User has the option to delay beginning to use these water rights until the 2004 season, or thereafter if these severe conditions should persist. User would give written notice to the Owner by May 1, 2003, or earlier, if these

conditions occur, and the Owner would have the right to terminate this Lease if Owner deems it necessary.

4. Any improvements or costs (other than permit fees) necessary to enable the User to utilize the Water Rights shall be at the cost of the User, unless the Owner otherwise agrees in writing. The User agrees to provide documented water meter readings to confirm, to the satisfaction of the Owner and as may be required or necessary for the Nevada State Engineer, all of User's use of the Water Rights during the term of this Agreement.

5. The User agrees to use the Water Rights on the lands described in Attachment 1 to this Agreement, a copy of which is attached and incorporated herein by reference.

6. The Owner shall be responsible for obtaining any and all permits required from the Nevada State Engineer or other applicable governments to enable the Water Rights to be used on the User's land described in Paragraph 5, and the Owner shall be responsible for paying for all fees and permits relating thereto.

7. This Agreement may be terminated by either party if either party has violated the terms of the Agreement, upon written notice to the other party.

8. Any modifications or amendments to this Agreement shall be reduced to writing and signed by the parties and attached to this agreement. There are no other understandings or agreements between the parties except as set forth in this Agreement. The owner shall be responsible for obtaining all permits and filing all the required proofs with the Nevada State Engineer related to the use and beneficial use of these rights on the User's land described in Paragraph 5, and the Owner shall be responsible for obtaining all the information, the prepared forms and any required mapping related to the use of these rights on User's property.

IN WITNESS WHEREOF, the parties have duly executed this Water Rights Agreement at the Colony offices at 98 Colony Road, Reno Nevada.

OWNER:

Arlan D. Melendez, Tribal Chairman
Reno-Sparks Indian Colony

STATE OF NEVADA)

) ss:

County of Washoe)